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SUBJECT: STAFFDEL RAISES TRANSPARENCY CONCERNS AND CREATES
OPENING FOR HIGH-LEVEL DIALOGUE

REF: 07 LUANDA 1207

¶1. (SBU) SUMMARY: During their March 18) 22 visit to Angola, Senate Professional Staff Members Michael Phelan and Neil Brown engaged senior Angolan leaders on transparency, the upcoming legislative elections, and the role of energy in our bilateral relationship. The Angolan interlocutors were candid about the capacity and infrastructure challenges of the country's post-conflict economic development and acknowledged the need for greater transparency and a better investment climate. The Angolans were less forthcoming on specifics for tackling these concerns. Finance Ministry interlocutors want to expand the Fiscal Programming Unit at the Ministry. One message was clear and consistent throughout the StaffDel,s numerous senior-level meetings: Angola seeks increased high-level engagement with the United States. Senior-level USG engagement with Angola would be well-timed, and offers an opportunity to gauge the seriousness of the GRA's professed desire to deepen our relationship. END SUMMARY.

¶2. (SBU) Despite extremely short notice, the GRA organized an impressive schedule of high-level meetings for the visiting staff members, including meetings with the ministers of finance and industry, the vice-ministers of external relations and territorial administration (election preparations), influential senior MPLA leader Paulo Jorge, and others. The discussions were candid and frank, focused largely on the many challenges Angola faces and less on government efforts to tackle these problems.

¶3. (SBU) Assessing the nation's difficult investment climate, the Angolan interlocutors recognized that Angola needs to address a wide range of problems, including the lack of educated and trained human capacity, poor physical infrastructure, the continuing problems with procuring Angolan visas, the high cost of housing in Luanda, the effect of the crippling traffic congestion in Luanda, the language barrier, and the nation's outdated legal and regulatory framework.

¶4. (SBU) Raised by the StaffDel, transparency, or rather Angola's need for greater transparency, featured prominently in the discussions as well, with the Angolan interlocutors acknowledging that the transparency issue contributes to Angola's negative international image. In separate meetings, Finance Minister de Moraes and National Treasury Director Dr. Armando Manuel requested more U.S. assistance in helping the GRA address transparency shortcomings. They proposed, for

starters, that the USG deepen its existing assistance to the Fiscal Programming Unit at the Finance Ministry, as a basis for expanding assistance in other areas at the Ministry. (Note: No new discretionary Development Assistance funding is available for the program in the FY 2008 USAID budget.) However, in response to StaffDel queries about Angola's participating in the Extractive Industries Transparency Initiative, the Finance Minister explained that this is an issue of "political sensitivity," and the government does not want to pass the legislation and regulations required to comply fully with EITI. Nonetheless, he claimed Angola is "doing more than other countries" on EITI, including providing on-line information on royalty payments by the oil producers. During a dinner hosted by Ambassador Mozena for the StaffDel with country managers of foreign oil companies here, the consensus of the group was that lack of transparency continues to be a significant concern in the petroleum sector.

15. (SBU) The StaffDel was warmly greeted by the MPLA's influential veteran leader Paulo Jorge, who said Angola must improve its education and health services, and find a way to enhance economic production through diversification away from the oil sector. He called for the relationship to move beyond words and into action. He proposed regular, direct bilateral engagement at senior levels to discuss a range of issues, including health, education, transparency, the investment climate, and economic development.

16. (SBU) Unlike his meeting with visiting AFRICOM Commander Gen. Ward last December (reftel), when he subjected the General to an hour-long harangue on the evils of America, Vice Minister of Foreign Relations Jorge Chicoti received the

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delegation with great warmth and professed his desire for deepened relations with the United States. He began the meeting by apologizing profusely for his Ministry's failure to provide concurrence for the proposed and subsequently postponed early March visit to Angola by NAVEUR Commander Admiral Fitzgerald. He promised that his Ministry would work with the Embassy to reschedule the visit soonest. Chicoti said Angola will be ready for legislative elections on September 5 and/or 6, and added that Angola will welcome international observers. Chicoti pointed to Angola's new public disarmament campaign as a way the country will achieve better election security. Chicoti said the Kenyan crisis demonstrates the need for transparency in an election. Concluding the meeting, the Vice Minister asked for increased "contact" with the Department of State, adding that improved mil-mil relations, especially related to AFRICOM, will require further consultation.

17. (SBU) The StaffDel met separately with the executive committees of the National Assembly's Commission on Foreign Relations and the Commission on Human Rights. The parliamentarians expressed appreciation for the opportunity to exchange views with representatives from the U.S. legislative body, and they asked that the dialogue continue. (Note: Post is working with the National Assembly to nominate parliamentarians for an International Visitors Program this fiscal year.) The parliamentarians said they looked forward to the upcoming legislative elections in September, and seemed ready to welcome change after fifteen years on the job in the same Commission.

18. (SBU) COMMENT: Senior GRA officials took advantage of the opportunity to describe to the Congressional Staffers the myriad challenges facing this country's economic development. When the conversations turned to the difficult issues of transparency and regulatory reform for an improved investment climate, however, ideas for concrete solutions were lacking. A clear and coordinated message from the GRA was delivered to/through the StaffDel: Angola wants to engage with the U.S. The time seems right to gauge the seriousness of Angola's professed desire, as expressed to Ambassador Mozena and the

StaffDel, to "deepen relations" with the United States. In that regard, Post believes that ongoing Washington discussions regarding a possible Angola visit by senior USG officials are especially timely. The invitation of an Angolan ministerial-level delegation to Washington for discussions would be well-timed as well.

19. (SBU) StaffDel Phelan did not have an opportunity to clear this cable.

MOZENA